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TAGS: [PREL](#) [ECON](#) [CVIS](#) [ETRD](#) [PINR](#) [RS](#) [LG](#)
SUBJECT: RUSSIAN AMBASSADOR: RELATIONS WITH LATVIA GOOD,
BUT LATVIANS BAD

REF: A. A) 06 RIGA 519
[1](#)B. B) 06 RIGA 481

Classified By: Ambassador Catherine Todd Bailey for Reason 1.4(d)

[1](#)1. (C) SUMMARY: In a February 14 meeting, Ambassador Bailey and Russian Ambassador Kalyuzhny discussed the possibility of inclusion of non-citizens in the Visa Waiver Program; Kalyuzhny's view that there was a potential for significant transit cargo growth at the Freeport of Riga if the Latvians would develop a better strategy for the port; the state of Latvian education and Kalyuzhny's allegations of poor treatment of the Russian-speaking minority in Latvia. Kalyuzhny expressed appreciation for the USG and Ambassador Bailey's support for the proposed Latvia-Russia border treaty, and said that overall the Russia/Latvia bilateral relationship was in good shape. Nevertheless, he continued his standard criticism of the treatment of the Russian-speaking minority in Latvia, charging that it was a "virus" that could "infect" the rest of Europe. END SUMMARY.

[1](#)2. (U) Ambassador Bailey met for over two hours with Russian Ambassador Victor Kalyuzhny at the Russian Embassy on the morning of February 14. Kalyuzhny was accompanied by his DCM, political counselor, and his personal assistant (translator). Embassy pol/econ chief, pol/econoff (notetaker), and Embassy translator accompanied Ambassador Bailey. The Russian Embassy in Riga just completed a substantial renovation to the chancery. Kalyuzhny was clearly proud of the improvements to his Post, and took some time to give Ambassador Bailey an extensive tour of the premises.

Speeches in Munich

[1](#)3. (C) Kalyuzhny opened the meeting with a reference to the comments made at the Munich security conference. He underscored that Putin had referred to President Bush as "his friend" in his speech and Kalyuzhny stressed that it was normal that there would sometimes be differences between the U.S. and Russia. He said he hoped that Secretary Gates's comments did not suggest that the U.S. is preparing for a new war with Russia. Ambassador Bailey responded by stressing that there is not a new cold war with Russia and that the U.S. values Russia as a partner in addressing a number of issues, including the recent six-party agreement on North Korea.

Visa Waiver Program

[1](#)4. (C) Kalyuzhny asked Ambassador Bailey for a status update on the Visa Wavier Program (VWP), inquiring as to whether it is realistic to expect Latvia to eventually join the program. Ambassador Bailey outlined the recent history of the program and President Bush's Tallinn initiative to bolster the program with a further emphasis on security but more flexibility on refusal rates. Kalyuzhny urged that, should Latvia join the VWP, the USG treat non-citizen residents of Latvia the same as Latvian citizens for purposes of travel to the United States. Ambassador Bailey stated that Embassy Riga currently treats Latvian citizens and non-citizen residents the same on the visa line and that there are comparable issuance rates for the two groups.

The Latvian Business Climate and Riga Freeport

[1](#)5. (C) In response to a question on our efforts to promote American businesses in Latvia, Ambassador Bailey detailed several recent US investments by General Electric and Jeld-Wen Company (a door skin manufacturer). Kalyuzhny reflected on changes to the Latvian economy in recent years, with a reduction in manufacturing, noting in particular the closure of sugar refineries mandated by the EU.

[1](#)6. (C) Noting our efforts to improve security and transparency there, Ambassador Bailey asked Kalyuzhny for his sense of the business climate at Riga Freeport. Kalyuzhny articulated a critique of the stagnation of Riga Freeport that focused on internal Latvian politics, uneven privatization of the land at the port, and a jockeying for short-term advantage by entrenched business interests as reasons Latvia has not taken full advantage of what could be

a thriving, profitable national asset. Noting Russia's discussions of a common tariff policy with China, India, and Kazakhstan, Kalyuzhny thought that Riga could benefit from the increased overland transport this would create. He suggested that as many as 1 million containers a year could transit Riga, but significant infrastructure improvements would be needed at the port, which he said currently handles

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only 170,000 containers annually. Kalyuzhny blamed the center-right New Era party, which currently holds the position of Riga mayor, for many of the problems, saying they are "sawing off the branch on which they are sitting." He noted as an aside that Russia was hesitant to use Ventspils Port for major business so long as Aivars Lembergs remains Mayor of Ventspils--due to what he claimed to be Lembergs' unpredictable behavior. (Comment: Lembergs has gotten himself crosswise with the Russian oil and gas industry, likely over kickbacks he wanted for the transit of Russian oil through Ventspils. Given Kalyuzhny's connections with that industry, it is not surprising that he would be so critical of Lembergs. End comment.)

Border Treaty Between Latvia and Russia

17. (C) Ambassador Bailey next raised the border treaty and commented that the Latvian political leadership should be commended for working well together to move the treaty forward. Kalyuzhny thanked Ambassador Bailey for her support and encouragement of the Latvians on this issue. He said that the current overall state of the Latvia-Russia bilateral relationship was good, commenting that there is now a "dynamic perspective" between Latvia and Russia. "The border treaty is the base, and it is now the task of the diplomatic corps in Latvia to help the GOL go through." He added that the "broader perspective" on relations between the two countries is "looking really good," and that there may be progress in other areas such as transit policy. He contrasted this with the situation with Estonia where, referring to the debate on the bronze soldier statue, he said "maniacs" were in charge, and that people like that should be "separated from society" and "given treatment." Kalyuzhny noted that there had been previous proposals to tear down the Soviet WWII victory monument in Riga, but said that seemed to be in the past.

Latvian Education and the Plight of the Russian Minority

18. (C) Although generally positive on the bilateral relationship, Kalyuzhny spent the next 20 minutes disparaging the state of public schools in Latvia and decrying the plight of the Russian minority population. He sketched a vision of the Latvian educational system sliding slowly into the abyss, with many Latvian students no longer qualified to study at Russian universities. He contrasted this situation with the excellent schools in Latvia during the Soviet era, noting that all current Latvian government leaders were educated in this system. As with the port, he blamed the New Era party, from its time in national government, for much of the decline, pointing particular blame at the education minister who oversaw legislation to increase the mandatory use of Latvian language in high schools. In response, Ambassador Bailey highlighted U.S. cooperation with Latvia to help improve education--including Post's efforts to catalyze a nursing education partnership that will link Stradins University in Latvia with Bellarmine University in Louisville, KY. She also described the Fulbright program, as well as other scholarship programs.

19. (C) Kalyuzhny repeatedly urged Ambassador Bailey to advocate on behalf of the Russian-speaking minority in Latvia, intermingling issues of education and citizenship. He said that Latvia's unfair treatment of its Russian-speaking population, especially its laws on the use of the Latvian language, are "a virus" and "a flu" that have the potential to infect the rest of Europe. While praising transport minister Slesers' proposal to allow non-citizens to vote in local elections, Kalyuzhny said that Latvia needed to rethink its entire policy on citizenship. History and language tests were unfair requirements and, at a minimum, people over a certain (unspecified) age should be granted automatic citizenship if they have lived in Latvia for a certain number of years. Ambassador Bailey, while noting that the U.S. requires language and history tests for citizenship, refused to be drawn into Kalyuzhny's attempts to insert us into this issue.

June Presidential Elections in Latvia

110. (C) Discussing the upcoming presidential elections in Latvia, Kalyuzhny said that the next President needs to be a "real Latvian," someone who has lived the majority of their life in Latvia, rather than a returned expatriate; that he/she will not be "politically impartial," but rather will have connections to the ruling coalition; and that the next president will be weak in relation to the current one (and noting that this was the correct role under the Latvian constitution).

11. (C) COMMENT: Kalyuzhny was recently the subject of an editorial in the most influential Latvian language daily urging the GOL to request that Moscow remove him for his alleged "improper interference" in Latvian internal affairs. His rhetoric in this meeting on treatment of the ethnic Russian population was a glimpse of some of what he has said that so rankles the Latvians. And he was more bombastic than in his previous meeting with us in June. Nevertheless, he seemed to separate those issues from the overall Russian-Latvian relationship. He also went to great lengths to emphasize the importance of the U.S.) Russia relationship and to downplay Putin's speech in Munich and thank us for our support for the border treaty. Although we found common cause with the need to develop the Riga port, his criticism of New Era, which has fought for greater transparency at the port, means that we are unlikely to agree on the methods for improving the port. We continue to find these sessions valuable as an insight to Russian thinking on Latvia. END COMMENT.
BAILEY